

# INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue, Room N725  
Indianapolis, Indiana 46204-2249

January 1994

## Contract Audit Circular: 93-12-08

<b>SUBJECT:</b>	Overtime premium
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**DEFINITION ISSUE:** During an overhead survey of a consultant, it may be determined that overtime premium is paid to the consultant's employees at time and half.

**ALLOWABILITY:** In the computation of the consultant's overhead rate, the auditor will determine the proper treatment for overtime premium incurred. Any overtime premium, that is identified as administrative or was incurred as the result of a peak work load will be classified as indirect and included in the indirect cost pool. Any overtime premium incurred on a project, where overtime as allowed in the contract, will be classified as direct non-salary cost and will be set aside and not used in the computation of the overhead rate.

### EXAMPLE 1.

<b>APPLICATION:</b>	A Consultant's was awarded several jobs for 1991; therefore, the consultant incurred the amount of \$3,500.00 of non-billable overtime premium in order to meet performance deadlines.
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<b>ACTION:</b>	The amount of \$3,500.00 would be included in the overhead computation as an indirect cost.
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### EXAMPLE 2.

<b>APPLICATION:</b>	A consultant was awarded a contract with INDOT to replace bridge 196 over Raccoon Creek; contract provided for, and the Consultant incurred the amount of \$1,500.00 of overtime premium.
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<b>ACTION:</b>	The amount of \$1,500.00 represents direct overtime premium and will not be included in the overhead computation. This cost will be billed as a direct chargeable expense.
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### EXAMPLE 3.

<b>APPLICATION:</b>	A consultant's bookkeeper was required to incur \$500.00 of overtime premium as a result of computer malfunction.
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<b>ACTION:</b>	The amount of \$500.00 represents indirect overtime premium and will be included in the overhead computation.
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**SOURCE:** Code of Federal Regulations Title 48 Part 52